



CONTRACT EXTENSION PROJECT

WATER SUPPLY CONTRACT EXTENSION NEGOTIATION MEETING # 1

MAY 1, 2013

10:00 AM – 3:00 PM

TSAKOPOULOS LIBRARY GALLERIA

828 I STREET

SACRAMENTO, CA 95814



CONTRACT EXTENSION PROJECT

Overview

Scott Jercich

Program Manager for Contract Extension

(916) 653-2810

sjercich@water.ca.gov



CONTRACT EXTENSION PROJECT

Background

- Water Supply Contracts signed in the 1960s
- Purpose for the Contracts
 - Contractors receive a water service and pay for all associated costs
 - DWR allocates a share of available supplies to each contractor
- Contracts terminate between 2035 and 2042
- Average water deliveries are 2.2 million AF/yr



CONTRACT EXTENSION PROJECT

Capital Funding

- General obligation bonds approved by voters in 1960 (\$ 1.75 billion thru Burns-Porter Act)
- Revenue bonds backed by State Water Project water and power purchases - (\$7 billion sold / \$2.3 billion outstanding)



CONTRACT EXTENSION PROJECT

Why Extend the Contracts Now?

- Revenue bonds sold for the SWP have terms that extend no further than 2035
- Desirable to sell bonds with 30 year terms or longer to keep bills affordable to Contractors
- Today DWR can only sell bonds out 22 year terms
- Need to extend the contract termination dates now beyond 2035 to keep costs affordable



CONTRACT EXTENSION PROJECT

Preparing for Negotiations

- Informal discussions began three years ago to
 - plan a process for extending the contracts and any possible amendments
 - Lay out high level objectives
- Retained the services of consultants to
 - assist with the public negotiation process
 - help with the upcoming environmental analysis and review process



CONTRACT EXTENSION PROJECT

Negotiations in Public

- Ready to begin negotiations
- Negotiations being held in a public forum per the *Monterey Settlement Agreement*
- Public has the opportunity to observe/comment
- Negotiations will lead to non-binding “agreements in principle”
- AIPs the basis for developing contract language



CONTRACT EXTENSION PROJECT

Environmental Review Process

- An environmental review process is planned, allowing for additional public involvement
- Agreements in principle to be used to develop the “Project Description” under CEQA
- Environmental review process to begin at the end of the negotiations
- Anticipate preparing an Enviro Impact Report
- Anticipate EIR to be complete in early 2015



CONTRACT EXTENSION PROJECT

Estimated

